

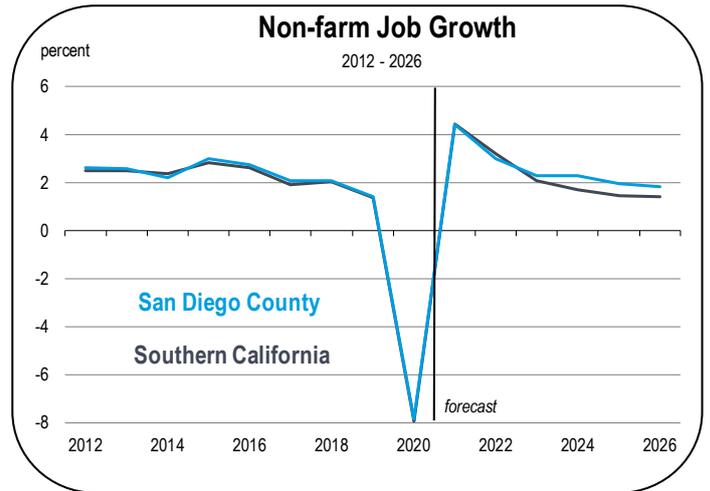
San Diego County Economic Forecast

Forecast Summary

- On an annual average basis, 61,500 jobs will be restored in San Diego County during 2021. The labor market will make a full recovery by 2023.
- Employment gains in 2021 will be largest in leisure services, professional business services, and retail.
- The unemployment rate averaged 9.3 percent in 2020. It is expected to average 6.2 percent in 2021.
- The population is expanding slightly faster than the average for Southern California, and this trend will continue.
- Fewer homes will be built between 2021 and 2026 compared to the previous five years.
- Home prices rose unexpectedly in 2020, increasing by 10 percent. Home prices are forecast to increase by 5 to 7 percent in 2021.

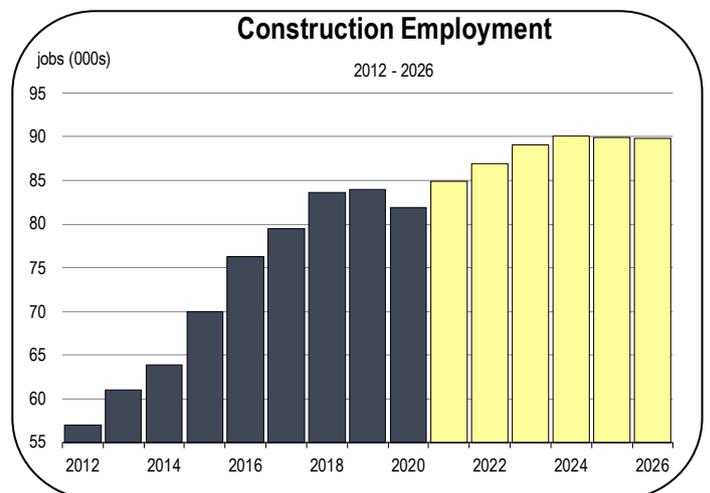
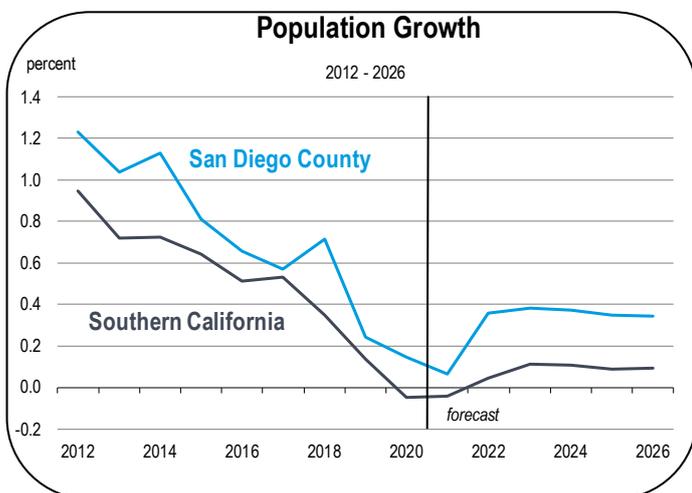
Job Growth

- Total employment in San Diego County will expand by 4.4 percent in 2021 on an annual average basis.
- Over the entire forecast period, job growth in San Diego County will outpace the Southern California average.

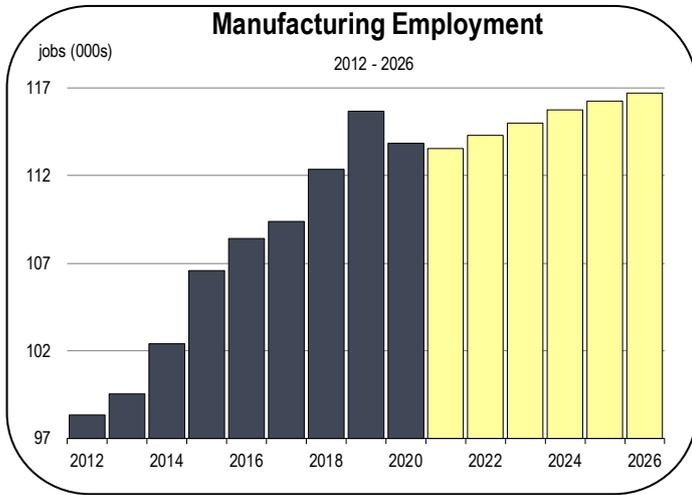


Construction Employment

- The Coronavirus Recession had only a minimal impact on the construction industry, and by early 2021 construction employment levels had almost completely recovered.
- The construction sector is expected to gain approximately 3,000 jobs in 2021, surpassing pre-pandemic employment levels.
- In 2022, construction employment is expected to expand by another 2,000 jobs.



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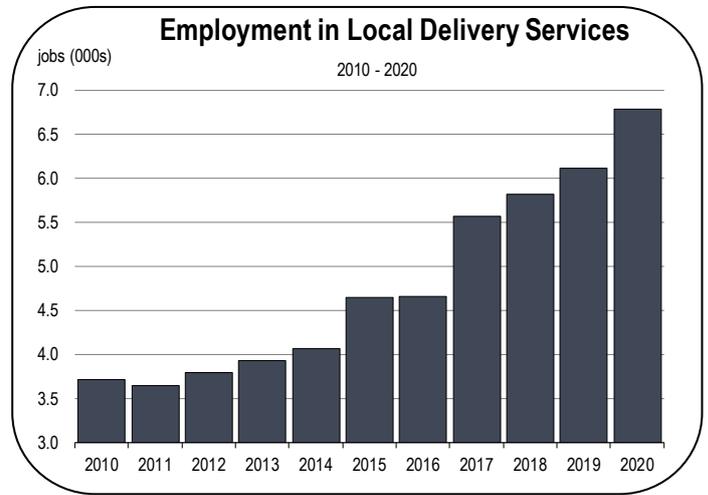
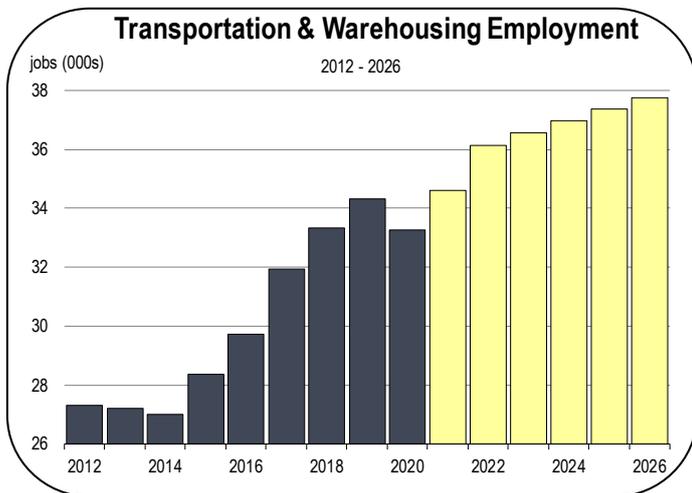


Manufacturing Employment

- Manufacturing employment declined by 1.6 percent during 2020.
- The manufacturing sector has been relatively stable in San Diego County, and most of it is accounted for by durable manufacturing, including the shipbuilding subsector. Employment in durable manufacturing will eclipse its previous peak by 2023.
- Growth of jobs in overall manufacturing is expected through the forecast period, with full recovery by late 2023.

Transportation and Warehousing Employment

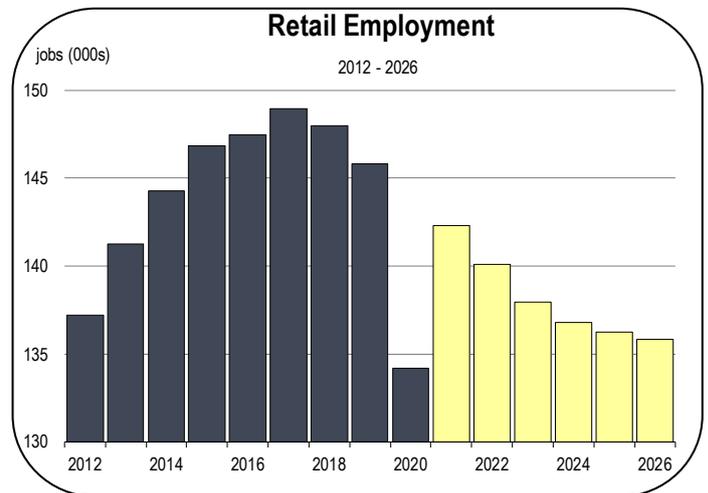
- Transportation and warehousing employment declined by 1,100 jobs in 2020.
- Airports and taxi/bus/boating services lost a substantial number of jobs, but gains in local delivery services were large, partially offsetting declines elsewhere.



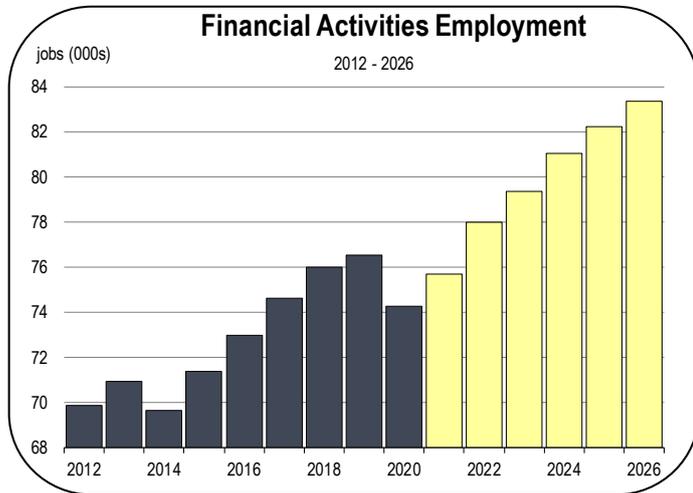
- In 2021, this sector will rebound sharply and employment will eclipse the previous peak.

Retail Trade Employment

- The retail sector was decimated in 2020, declining by 7.9 percent and losing 11,600 jobs.
- Losses were largest at car dealers, clothing stores, and department stores.
- Grocery store employment expanded during 2020. Home improvement stores also increased their staffing levels.
- Retail employment will rebound sharply in 2021, but will return to a long-term pattern of decline that will persist throughout the rest of the forecast period.



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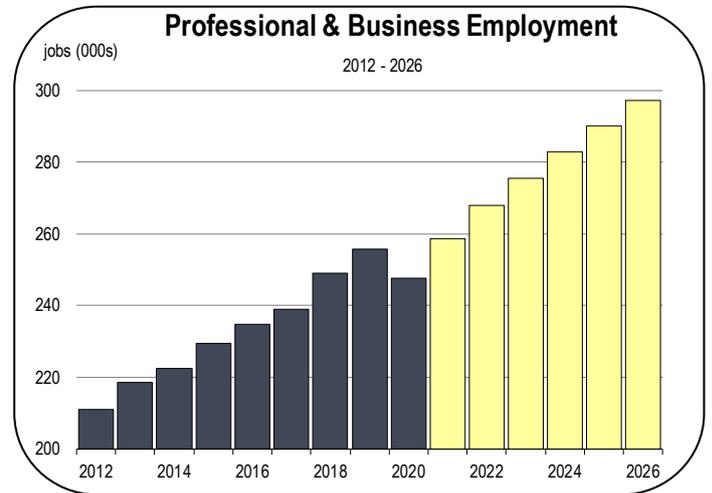


Financial Activities Employment

- Financial activities employment declined by 3 percent in 2020, erasing all of the job creation of the previous few years.
- The largest losses were in car rental agencies and banks.
- Real estate firms generated 700 new jobs in 2020.
- Total employee headcounts in this sector will rebound quickly, surpassing the previous peak in 2022.

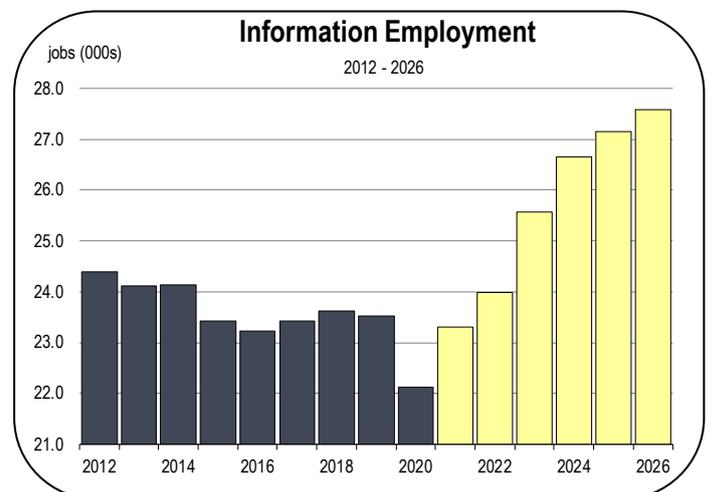
Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest subsector - staffing agencies - experienced significant losses during 2020, but is expected to bounce back quickly in 2021 and 2022.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn, but hired back first during a recovery.
- Aside from staffing agencies, jobs losses across the professional and business services industry were minimal.
- The professional and business services industry is expected to gain 11,000 jobs in 2021 and 9,300 jobs in 2022.

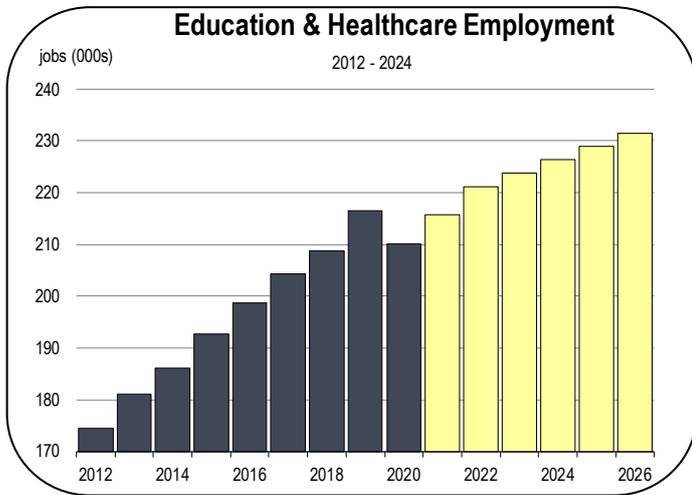


Information Employment

- In San Diego County, the information sector is dominated by telecommunications, software publishing and internet/data services.
- Across all subsectors, approximately 1,400 jobs were lost in 2020. Most of these jobs will be restored in 2021, and the industry will surpass the previous peak in 2022.
- Over the long term, almost all growth will come from the software and Internet/data subsectors. Most other subsectors of the information industry will stagnant or lose jobs altogether.



San Diego County Economic Forecast



- Overall, the healthcare and education industry will recover 5,600 jobs in 2021 and gain another 5,400 jobs in 2022.

Leisure and Hospitality Employment

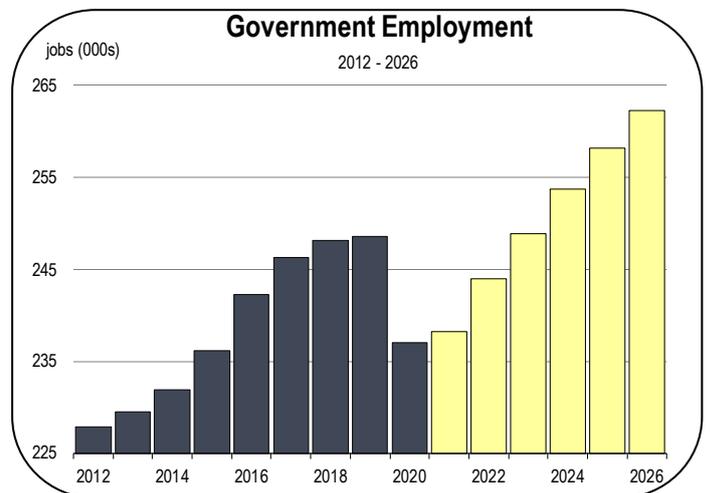
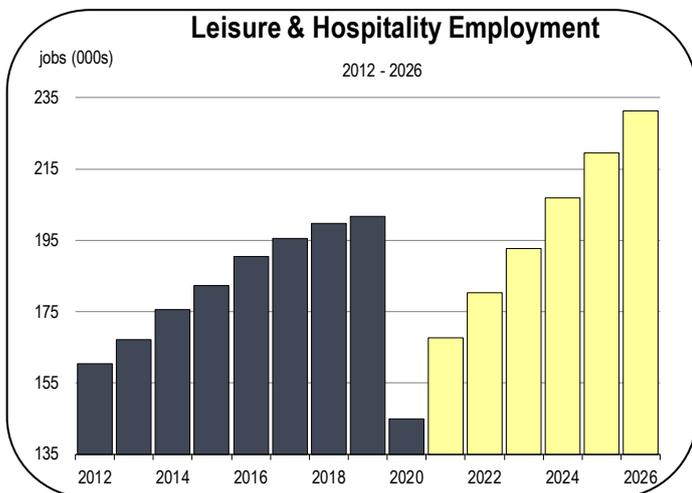
- Leisure and hospitality has been impacted more by the pandemic than any other corner of the labor market.
- In 2020, employment levels in restaurants, bars, and catering services decline by 33,700 jobs, a decrease of 24 percent.
- Employment at hotels fell by 11,800 jobs (38 percent). Entertainment and recreation employment declined by 11,200 jobs (37 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in travel, dining, drinking, and recreation throughout San Diego County.
- We expect the leisure and hospitality sector to regain 22,700 jobs in 2021 and another 12,600 jobs in 2022, but it could take several years for the industry to fully recover.

Private Education and Healthcare Employment

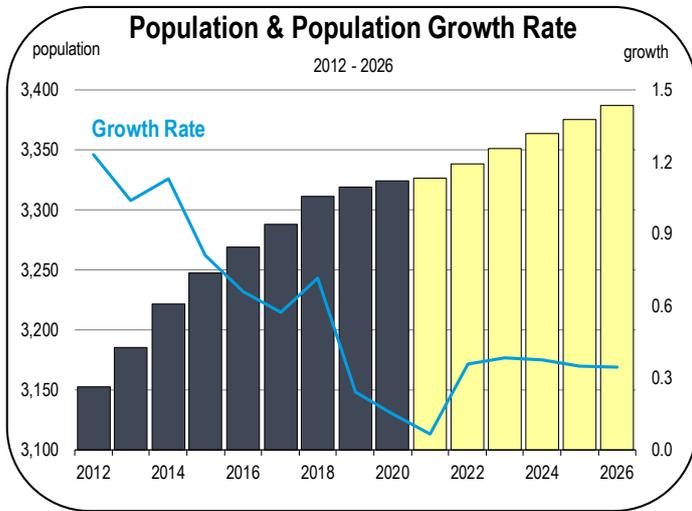
- The private healthcare and education industries were characterized by job losses that would have been large in most recessions, but were fairly moderate for the Coronavirus Recession.
- Healthcare jobs were relatively recession proof during the 2008-2009 financial crisis and declined by only 2 percent during the Coronavirus Recession.
- Employment at doctor and dentist offices fell by 4 percent. Employment at hospitals expanded by 1.6 percent.
- Private schools and tutoring centers decline by 10 percent last year.
- This sector also includes social assistance and childcare centers. Childcare centers lost 700 jobs last year while social assistance organizations continued to expand.

Government Employment

- State and local government agencies lost 12,700 jobs during 2020.
- Federal government agencies added 1,200 jobs in 2020, but this was mainly due to the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.
- Total public sector employment is not expected to change much in 2021 though state government employment may be able to restore more jobs during the new fiscal year (2022) which begins in July.



San Diego County Economic Forecast

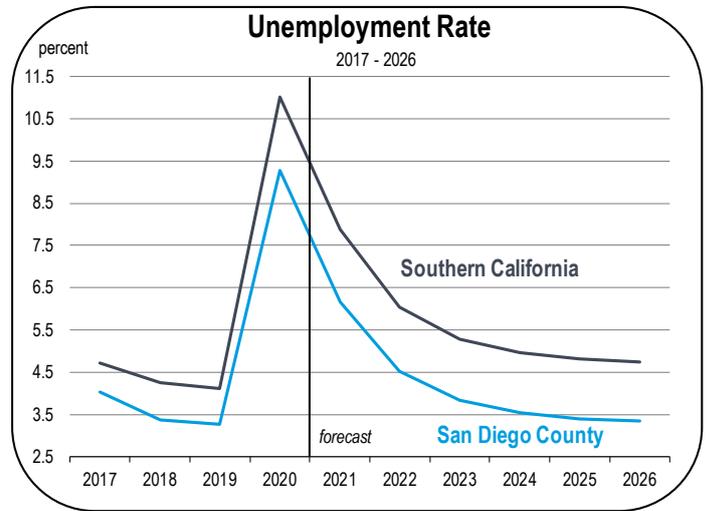
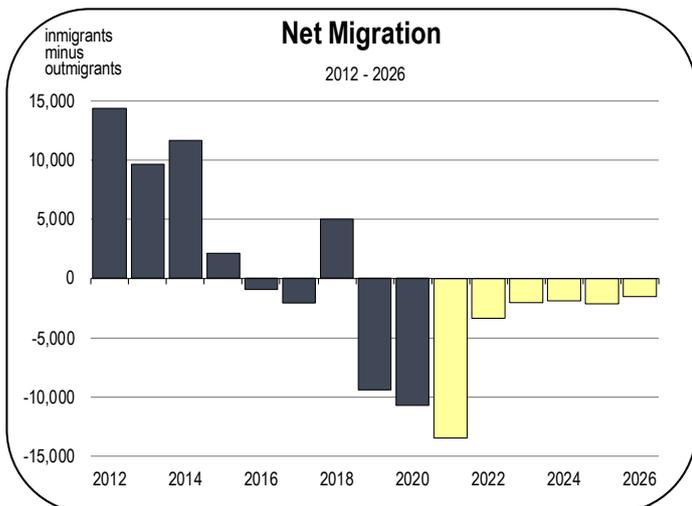


Population Growth

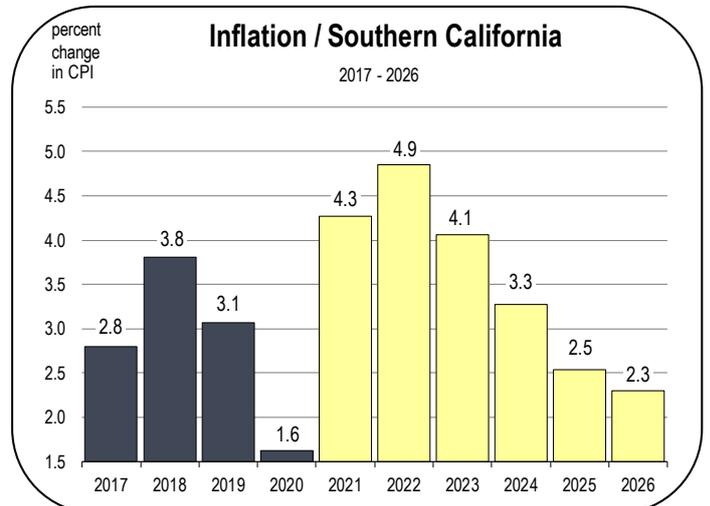
- The San Diego County population is now growing slowly.
- An estimated 10,700 net migrants left the county last year, bringing the county's population growth rate down to 0.2 percent.
- Over the forecast period, an average of 4,100 net migrants will leave the county each year.
- Population growth will average 0.5 percent per year during the forecast period, and the county will approach 3.4 million residents by the year 2026.

Unemployment and Inflation Rates

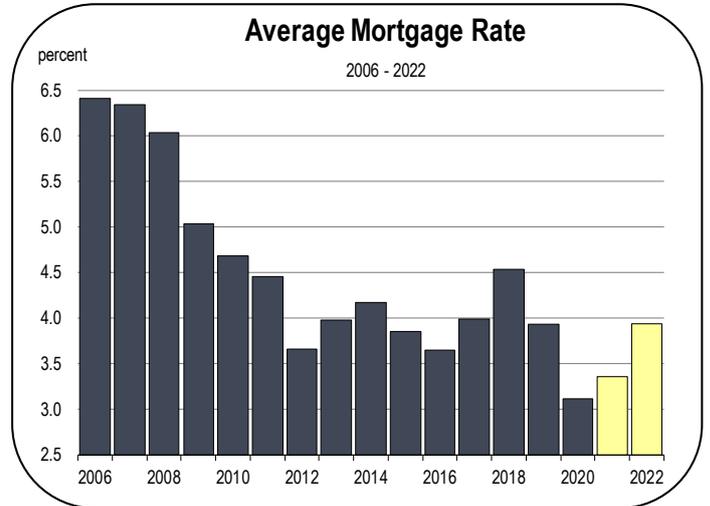
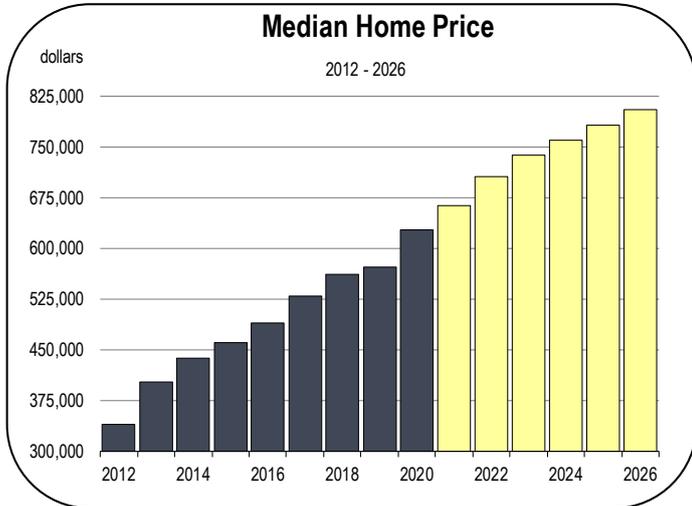
- The unemployment rate in San Diego County averaged 9.3 percent in 2020, which is below the composite rate for Southern California.
- The unemployment rate is expected to average 6.2 percent in 2021 and 4.5 percent in 2022.



- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.



San Diego County Economic Forecast



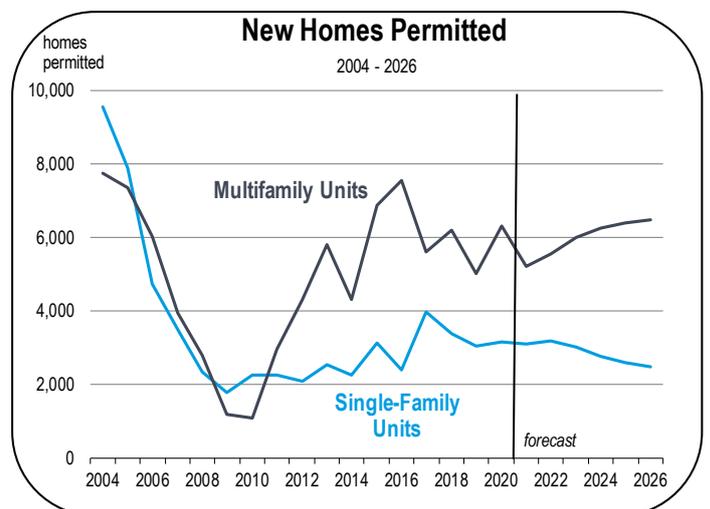
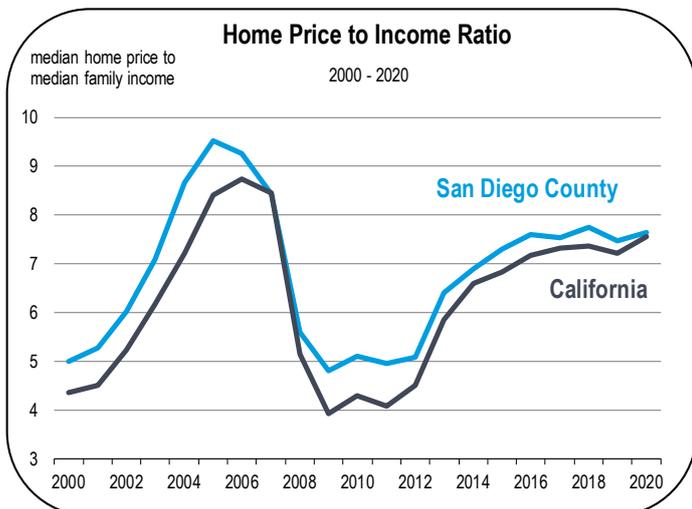
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

- Without a 20 percent down payment, the typical mortgage payment would consume more than 40 percent of pre-tax income for many households, which exceeds most affordability guidelines.

Home Prices and New Housing Production

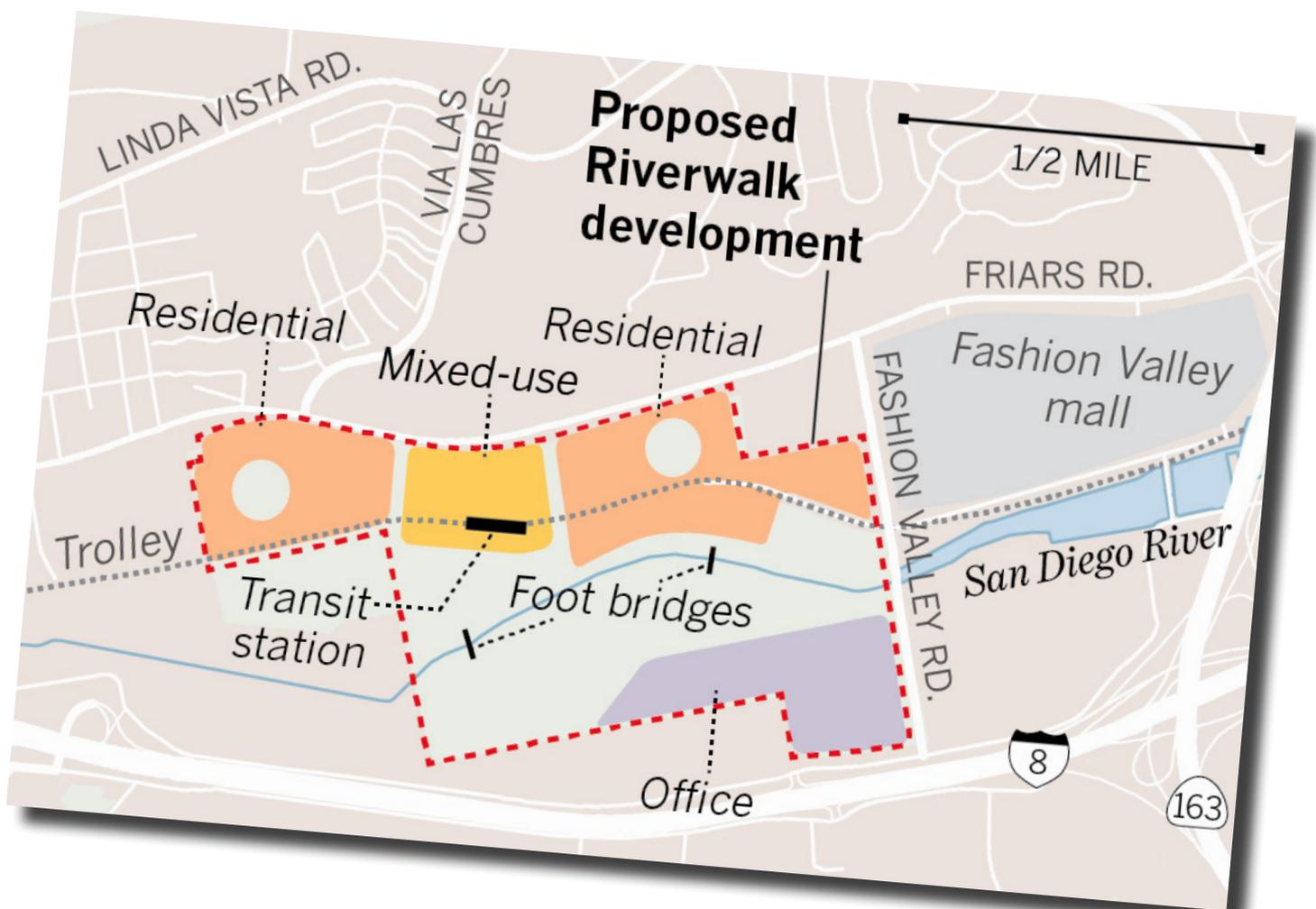
- The median home price was \$627,700 in 2020, an increase of 10 percent from the previous year.
- Home selling prices will increase by 5 to 7 percent in 2021, and could increase by another 5 to 7 percent in 2022.
- San Diego County has a serious problem with housing affordability. As of 2020, the price-to-income ratio was 7.6, which is a relatively high ratio.
- A 20 percent down payment on the median priced home would be \$125,000, which is out of reach for most households.

- Interest rates have been very low for several years, which has offset some of the affordability issues caused by rising home prices. But even with low interest rates, monthly mortgage payments are still high enough to price many households out of the ownership market.
- From 2015 to 2020, an average of 9,400 new homes were authorized per year. Multifamily units accounted for 66 percent of all units.
- Housing production will average 8,900 homes per year from 2021 to 2026. Approximately 70 percent will be multifamily units.



San Diego County Economic Forecast

- The overwhelming majority the development queue is located in Chula Vista and Downtown San Diego. In the downtown region, more than 10,000 residential units have been planned, in addition to almost 11 million square feet of commercial space and 7,800 hotel rooms.
- Chula Vista is slated for 29,500 new residential units and almost 15 million square feet of commercial space.
- Combined, these two regions account for approximately 60 percent of the county's residential and non-residential queue.
- In Chula Vista, the residential activity is concentrated in single family homes, largely within the Otay Ranch mega development, which has been in progress for many years, and will not be complete for many more years to come.
- Chula Vista's commercial development will primarily consist of office and retail facilities associated with Otay Ranch.
- Downtown, multi-family housing is dominant, where virtually all projects consist of apartment, condo, and retail space.
- The potential for hotel development is most prominent Downtown, where 7,800 units are in some stage of the planning process. An additional 5,900 units are anticipated in San Marcos, along with 5,100 in Chula Vista. These three regions contain more than 90 percent of the county's planned hotel projects.
- In November 2020, the San Diego City Council approved the Riverwalk project, which will ultimately produce 4,300 homes and 1.1 million square feet of office and retail space.
- The project will be situated on the site of the former Riverwalk Golf Course in Mission Valley.
- The project is expected to be completed and occupied by 2023.



San Diego County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	3,247,725	1,118	2,165	10,005	2,881	\$180	\$38	\$55	\$30	\$63,064	5.2	\$1.9	0.9
2016	3,269,091	1,126	-879	9,972	2,960	\$187	\$38	\$56	\$30	\$63,867	4.7	\$2.0	1.9
2017	3,287,782	1,134	-2,033	9,580	2,973	\$194	\$40	\$58	\$30	\$64,120	4.0	\$1.9	2.8
2018	3,311,288	1,144	4,986	9,577	2,993	\$204	\$41	\$59	\$30	\$64,482	3.4	\$1.9	3.8
2019	3,319,311	1,153	-9,409	8,053	3,046	\$213	\$42	\$61	\$31	\$65,136	3.3	\$1.8	3.1
2020	3,324,248	1,159	-10,696	9,486	3,009	\$217	\$40	\$58	\$33	\$65,312	9.3	\$1.8	1.6
2021	3,326,444	1,168	-13,465	8,331	3,058	\$226	\$44	\$62	\$32	\$66,201	6.2	\$1.8	4.3
2022	3,338,338	1,176	-3,356	8,756	3,090	\$236	\$45	\$64	\$32	\$67,434	4.5	\$1.8	4.9
2023	3,351,125	1,184	-2,033	9,043	3,117	\$250	\$46	\$66	\$33	\$69,211	3.8	\$1.8	4.1
2024	3,363,629	1,193	-1,881	9,038	3,147	\$262	\$48	\$68	\$33	\$70,780	3.5	\$1.8	3.3
2025	3,375,312	1,201	-2,133	9,005	3,176	\$275	\$48	\$69	\$34	\$72,206	3.4	\$1.8	2.5
2026	3,387,011	1,210	-1,522	8,984	3,205	\$287	\$49	\$70	\$34	\$73,470	3.3	\$1.8	2.3
2027	3,398,975	1,218	-543	8,876	3,234	\$299	\$50	\$71	\$34	\$74,762	3.3	\$1.8	2.1
2028	3,411,371	1,227	547	8,783	3,268	\$312	\$51	\$72	\$34	\$76,035	3.3	\$1.8	2.1
2029	3,424,144	1,235	1,597	8,734	3,300	\$325	\$52	\$74	\$35	\$77,060	3.3	\$1.7	2.1
2030	3,436,254	1,243	1,604	8,694	3,335	\$338	\$53	\$77	\$35	\$78,086	3.3	\$1.7	2.1
2031	3,446,285	1,252	786	8,633	3,369	\$350	\$55	\$79	\$35	\$79,055	3.3	\$1.7	2.2
2032	3,454,260	1,260	-178	8,582	3,402	\$362	\$57	\$81	\$35	\$79,772	3.3	\$1.7	2.1
2033	3,460,674	1,268	-679	8,525	3,435	\$374	\$58	\$83	\$35	\$80,831	3.3	\$1.7	1.9
2034	3,465,535	1,276	-1,020	8,438	3,469	\$387	\$60	\$85	\$35	\$81,808	3.4	\$1.7	2.0
2035	3,469,171	1,284	-1,344	8,351	3,494	\$401	\$61	\$87	\$36	\$82,724	3.4	\$1.7	2.0
2036	3,471,966	1,292	-1,542	8,313	3,519	\$415	\$63	\$90	\$36	\$83,382	3.4	\$1.7	2.1
2037	3,473,693	1,300	-2,129	8,294	3,544	\$429	\$65	\$93	\$36	\$83,996	3.4	\$1.7	2.1
2038	3,474,055	1,308	-2,854	8,287	3,573	\$444	\$68	\$96	\$36	\$84,781	3.4	\$1.7	2.0
2039	3,473,308	1,315	-3,593	8,286	3,600	\$459	\$70	\$99	\$36	\$85,437	3.4	\$1.6	2.1
2040	3,471,733	1,323	-3,846	8,286	3,625	\$475	\$72	\$102	\$36	\$86,120	3.5	\$1.6	2.0
2041	3,469,126	1,331	-4,330	8,314	3,649	\$490	\$74	\$105	\$36	\$87,020	3.5	\$1.6	2.1
2042	3,465,787	1,339	-4,758	8,322	3,668	\$505	\$76	\$107	\$36	\$87,976	3.5	\$1.6	2.0
2043	3,461,464	1,347	-5,455	8,332	3,683	\$520	\$77	\$110	\$37	\$88,979	3.5	\$1.6	1.9
2044	3,456,124	1,355	-6,022	8,339	3,699	\$536	\$79	\$112	\$37	\$90,121	3.6	\$1.6	2.0
2045	3,449,934	1,362	-6,423	8,334	3,710	\$551	\$81	\$115	\$37	\$91,186	3.6	\$1.6	2.1
2046	3,443,206	1,370	-6,602	8,339	3,718	\$567	\$83	\$118	\$37	\$92,139	3.6	\$1.6	2.1
2047	3,436,039	1,378	-6,693	8,344	3,726	\$583	\$85	\$121	\$37	\$92,907	3.6	\$1.6	2.1
2048	3,428,391	1,386	-6,749	8,341	3,734	\$600	\$87	\$124	\$37	\$93,600	3.6	\$1.6	2.2
2049	3,420,213	1,394	-6,854	8,335	3,738	\$616	\$89	\$127	\$37	\$94,520	3.7	\$1.5	1.9
2050	3,411,350	1,402	-6,928	8,315	3,742	\$633	\$92	\$130	\$37	\$95,390	3.7	\$1.5	2.0

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	1,394	9.1	69.9	106.6	28.4	190.9	71.4	229.5	23.4	192.7	182.4	236.2
2016	1,432	8.9	76.3	108.4	29.7	191.2	73.0	234.7	23.2	198.7	190.4	242.2
2017	1,461	8.7	79.5	109.4	32.0	192.8	74.6	239.1	23.4	204.3	195.6	246.3
2018	1,492	9.3	83.7	112.3	33.3	191.8	76.0	249.0	23.6	208.9	199.6	248.1
2019	1,513	9.7	84.0	115.7	34.3	189.8	76.5	255.7	23.5	216.6	201.7	248.6
2020	1,394	9.2	81.9	113.8	33.3	175.2	74.3	247.7	22.1	210.2	144.9	237.1
2021	1,456	9.6	84.9	113.5	34.6	184.0	75.7	258.7	23.3	215.8	167.7	238.2
2022	1,500	10.0	86.9	114.3	36.1	182.4	78.0	268.0	24.0	221.2	180.3	244.0
2023	1,534	10.1	89.1	115.0	36.6	180.7	79.4	275.5	25.6	223.8	192.7	248.9
2024	1,569	10.1	90.1	115.7	37.0	179.7	81.1	282.9	26.7	226.4	206.9	253.7
2025	1,600	10.1	89.9	116.3	37.4	179.3	82.2	290.2	27.2	229.0	219.4	258.1
2026	1,629	10.0	89.8	116.7	37.8	179.1	83.4	297.3	27.6	231.5	231.2	262.2
2027	1,657	10.0	89.6	117.1	38.1	179.0	84.5	304.2	28.4	234.0	242.6	266.0
2028	1,685	10.0	89.4	117.5	38.5	179.6	85.7	310.9	29.7	236.4	253.0	269.4
2029	1,711	10.0	89.1	117.8	38.8	180.1	86.8	317.6	30.1	238.8	262.8	272.5
2030	1,735	10.0	88.8	118.0	39.1	181.0	87.9	324.0	30.8	241.1	271.6	275.3
2031	1,756	9.9	88.3	118.1	39.5	181.2	88.9	330.4	31.3	243.4	278.2	277.8
2032	1,775	9.9	87.9	118.2	39.8	181.5	89.9	336.6	31.7	245.7	283.7	280.2
2033	1,792	9.9	87.3	118.1	40.0	182.0	91.0	342.7	32.1	247.9	287.7	282.3
2034	1,809	9.9	86.8	118.0	40.3	182.9	91.9	348.6	32.5	250.1	291.2	284.2
2035	1,823	9.9	86.2	118.0	40.6	183.0	92.8	354.5	32.9	252.2	293.8	285.9
2036	1,837	9.9	85.6	118.0	40.8	183.8	93.7	360.2	33.2	254.3	296.3	287.5
2037	1,851	9.9	85.1	117.9	41.1	184.5	94.5	365.8	33.5	256.4	298.6	288.9
2038	1,865	9.9	84.7	118.0	41.3	185.3	95.4	371.2	33.7	258.4	300.9	290.2
2039	1,877	9.9	84.4	117.8	41.5	185.9	96.2	376.6	33.9	260.3	303.2	291.4
2040	1,890	9.9	84.1	117.7	41.7	186.5	97.0	381.9	34.1	262.2	305.5	292.4
2041	1,902	9.9	83.8	117.7	41.9	186.5	97.7	387.1	34.2	264.1	307.7	293.4
2042	1,913	9.8	83.6	118.0	42.1	186.7	98.4	392.1	34.3	266.0	309.7	294.3
2043	1,925	9.8	83.4	117.9	42.3	186.5	99.0	397.1	34.4	267.8	312.2	295.0
2044	1,936	9.8	83.3	117.9	42.5	186.7	99.6	402.0	34.4	269.5	314.8	295.8
2045	1,947	9.8	83.1	117.9	42.7	187.0	100.2	406.8	34.6	271.2	317.2	296.4
2046	1,957	9.8	83.0	117.9	42.8	187.1	100.7	411.5	34.8	272.9	319.3	297.0
2047	1,968	9.8	82.9	118.0	43.0	187.2	101.1	416.1	34.8	274.6	321.4	297.5
2048	1,977	9.8	82.8	118.0	43.1	187.3	101.5	420.6	34.9	276.2	323.4	298.0
2049	1,986	9.8	82.6	117.9	43.3	187.1	101.9	425.1	34.9	277.7	325.3	298.4
2050	1,995	9.8	82.5	117.7	43.4	187.5	102.3	429.4	34.9	279.3	327.1	298.8

San Diego County Economic Forecast

Socioeconomic Indicators

